



State of Utah
Department of
Natural Resources

MICHAEL R. STYLER
Executive Director

Division of
Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

October 3, 2006

Tom Faddies, Assistant Director Minerals
State of Utah
School and Institutional Trust Lands Administration (SITLA)
675 East 500 South
Salt Lake City, Utah 84102-2818

Subject: Authorization for Release of Certificates of Deposit, Account numbers
and \$3000.00 and \$2000.00, First Security Bank (Wells
Fargo) and Zions Bank, Miracle Rock Mining & Research, LC, The Rockland
Mine, M/015/040, Emery County, Utah

Dear Mr. Faddies,

Zions Bank and First Security Bank (Wells Fargo) are presently holding certificates of deposit in the amount of \$3000.00 and \$2000.00, account numbers _____ and _____, for the benefit of the School and Institutional Trust Lands Administration (SITLA) as reclamation surety for Miracle Rock Mining & Research LC, Rockland Mine.

The operator has obtained and received Division approval of a Certificate of Deposit in the amount of \$30,000.00 with Far West Bank. The Division's intent in obtaining this replacement CD was to replace the following:

- Zions Bank CD, \$3000.00
- Wells Fargo CD, \$2000.00
- Utah State Treasurer, \$7500.00

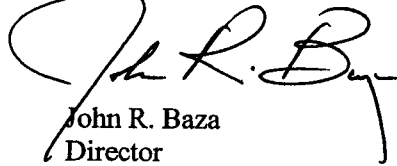
The reclamation surety amount has been estimated based on a disturbance of six acres and an estimated reclamation cost of \$5000.00/acre. This cost estimate is not based on the mine plan because the mine plan has yet to be approved.

If SITLA is in agreement with this \$30,000.00 reclamation surety, and if the Zions and Wells Fargo CDs are not being held for another purpose, then the Division hereby approves of the release of the CDs to the Operator.

Page 2
Tom Faddies
M0150040
October 3, 2006

If you have any questions or require further discussion regarding the content of this letter, please contact Beth Ericksen, Surety Bonding Coordinator (801) 538-5318.

Sincerely,



John R. Baza
Director

JRB:BE:pb

enc: Certificate of Deposit agreement letter, Far West Bank
SITLA February 2, 2006 letter

cc: Miracle Rock Mining & Research, LC
Paul Baker, OGM
Beth Ericksen, OGM

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Jon M. Huntsman, Jr.
Governor

Kevin S. Carter
Director

State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818
801-538-5100
801-355-0922 (Fax)
<http://www.trustlands.com>

File: M/015/040

CC: Bond file
Beth
Daron

February 2, 2006

CERTIFIED MAIL 7160 3901 9842 9870 7746

Miracle Rock Mining & Research
P.O. Box 28
Ferron, Utah 84523

Dear Lessee:

Listed below is a surety that is presently held by the School and Institutional Trust Lands Administration ("SITLA") for reclamation of mining related disturbance that is associated with mineral development on trust lands.

Type of Surety: Time Deposit

Amount: \$3000

Account No.: 4

Issued By: First Security, Castle Dale

Date Issued: 8/11/1994

Mineral Lease No.: ML 42844 & ML 42844-A

DOGM No.: M/015/040

The Division of Oil, Gas and Mining ("DOGM") is the state agency responsible for implementing and enforcing the State of Utah's regulation of mineral mining and reclamation activities (Utah Code Sections 40-8-1 et seq.) and the State of Utah's Surface Coal Mining and Reclamation Program (Utah Code Sections 40-10-1 et seq.).

SITLA and DOGM have entered into a Memorandum of Agreement Concerning Cooperative Administration of Mining Operations on School and Institutional Trust Lands, dated January 14, 2005 ("MOU"). The MOU transfers the responsibility for administering the reclamation of disturbances on SITLA's mineral leases to DOGM. Therefore, surety for reclamation shall be provided by the operator of the leased mineral lands to DOGM prior to commencing mining operations, and DOGM will be identified as the owner or holder of the surety. The surety for reclamation shall be held and administered by DOGM, and shall be of a type and in a form as determined to be acceptable by the rules established by the Board of Oil, Gas and Mining. The surety shall be payable to DOGM for use as necessary to satisfy the reclamation obligations of the mineral lessee or operator.

February 2, 2006

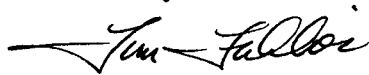
Page 2

In accordance with the MOU and in compliance with the statutory authority of DOGM, SITLA will transfer the above referenced surety to DOGM to be administered by DOGM under their rules. This letter serves as notification of the requirement under your lease to be bonded for reclamation to replace or transfer your surety with DOGM by April 1, 2006. Upon written request and written extension by SITLA additional time for completing this process may be provided. DOGM and SITLA will coordinate their efforts to ease this transition. Questions concerning this process may be directed to Will Stokes at SITLA phone number (801) 538-5153. At DOGM please contact Beth Ericksen at (801) 538-5318. Additional information may be found at the DOGM's website at <http://ogm.utah.gov/minerals>.

Please be aware that adjustment of the bond amount could also be necessary if it is determined that the current amount is insufficient to cover complete reclamation. You will also need to complete a reclamation contract (form MR-RC) with DOGM to conclude the process. Also, as provided for under the rules governing the management and use of school and institutional trust lands (R850-21-800), and as provide for under Article XII of the mineral lease agreement, the lessee or operator may be required to post a separate performance bond with SITLA to assure compliance with all other remaining terms and conditions of the lease not covered by the bond to be filed with DOGM.

We anticipate that bonding for reclamation will be streamlined and hope you view this change as a positive effort to simplify the process. Thank you for your cooperation.

Sincerely

A handwritten signature in cursive script, appearing to read "Tom Faddies".

Tom Faddies

Assistant Director/Minerals



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818
801-538-5100
801-355-0922 (Fax)
<http://www.trustlands.com>

Jon M. Huntsman, Jr.
Governor
Kevin S. Carter
Director

FBI: M/015/040

CC: Bond file
Beth ✓
Daron

Rec'd 2/10
SITLA (checked) ✓

February 2, 2006

CERTIFIED MAIL 7160 3901 9842 9870 7753

Miracle Rock Mining & Research
200 East 400 South
Emery, Utah 84522

Dear Lessee:

Listed below is a surety that is presently held by the School and Institutional Trust Lands Administration ("SITLA") for reclamation of mining related disturbance that is associated with mineral development on trust lands.

Type of Surety: Time Deposit

Amount: \$2000

Account No.:

Issued By: Zions Bank, -

Date Issued: 10/1/1986

Mineral Lease No.: ML 42844 & ML 42844-A

DOGM No.: M/015/040

The Division of Oil, Gas and Mining ("DOGM") is the state agency responsible for implementing and enforcing the State of Utah's regulation of mineral mining and reclamation activities (Utah Code Sections 40-8-1 et seq.) and the State of Utah's Surface Coal Mining and Reclamation Program (Utah Code Sections 40-10-1 et seq.). SITLA and DOGM have entered into a Memorandum of Agreement Concerning Cooperative Administration of Mining Operations on School and Institutional Trust Lands, dated January 14, 2005 ("MOU"). The MOU transfers the responsibility for administering the reclamation of disturbances on SITLA's mineral leases to DOGM. Therefore, surety for reclamation shall be provided by the operator of the leased mineral lands to DOGM prior to commencing mining operations, and DOGM will be identified as the owner or holder of the surety. The surety for reclamation shall be held and administered by DOGM, and shall be of a type and in a form as determined to be acceptable by the rules established by the Board of Oil, Gas and Mining. The surety shall be payable to DOGM for use as necessary to satisfy the reclamation obligations of the mineral lessee or operator.

February 2, 2006

Page 2

In accordance with the MOU and in compliance with the statutory authority of DOGM, SITLA will transfer the above referenced surety to DOGM to be administered by DOGM under their rules. This letter serves as notification of the requirement under your lease to be bonded for reclamation to replace or transfer your surety with DOGM by April 1, 2006. Upon written request and written extension by SITLA additional time for completing this process may be provided. DOGM and SITLA will coordinate their efforts to ease this transition. Questions concerning this process may be directed to Will Stokes at SITLA phone number (801) 538-5153. At DOGM please contact Beth Ericksen at (801) 538-5318. Additional information may be found at the DOGM's website at <http://ogm.utah.gov/minerals>.

Please be aware that adjustment of the bond amount could also be necessary if it is determined that the current amount is insufficient to cover complete reclamation. You will also need to complete a reclamation contract (form MR-RC) with DOGM to conclude the process. Also, as provided for under the rules governing the management and use of school and institutional trust lands (R850-21-800), and as provide for under Article XII of the mineral lease agreement, the lessee or operator may be required to post a separate performance bond with SITLA to assure compliance with all other remaining terms and conditions of the lease not covered by the bond to be filed with DOGM.

We anticipate that bonding for reclamation will be streamlined and hope you view this change as a positive effort to simplify the process. Thank you for your cooperation.

Sincerely

A handwritten signature in black ink, appearing to read "Tom Faddies", written over a horizontal line.

Tom Faddies
Assistant Director/Minerals



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

August 11, 2006

Far West Bank
82 West Main
Price, Utah 84501
(435) 637-1272

Attention: Dan S Hunter, Vice President

Subject: Reclamation Surety, Certificate of Deposit for Miracle Rock Mining and Research LC
Rockland Mine Site, M/015/040 Emery County, Utah
Certificate of Deposit no. : Principal Amount \$30,000.

This letter describes the mutually agreed upon instructions of the below signed parties to Farr West Bank, regarding the control, redemption, and release of Bank's above-described certificate of deposit ("CD"), which is being used as a surety to guarantee the availability of reclamation funds for the Rockland Mine, Emery County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$30,000 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

Ownership and Renewal:

Ownership of the CD is retained by Miracle Rock Mining and Research LC, a Utah corporation, ("Owners"), but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and is subject to the terms and conditions described in this agreement. The CD shall automatically renew indefinitely until either redeemed or released by the Director of the Division. The Division may request CD information on an occasional basis. This letter grants approval by Miracle Rockland Mining and Research for the bank to provide CD information to the Division any time an inquiry is made via telephone, email, or letter



Redemption:

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of the Director of the Utah Division of Oil, Gas & Mining to the Bank. Upon the instruction and demand of the Director, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil, Gas and Mining. Owners agree and irrevocably instruct Bank that neither the Owner(s), nor any other person claiming an ownership interest in the CD which is derived from the Owners, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners' control, or if Owners do not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division may redeem the CD.

Release:

The Bank shall release the CD only upon the written instruction of the Director of the Division to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owners, or their legal successors-in-interest. In the event of Bank cancellation of the Certificate of Deposit, the Division may transfer the certificate of deposit monies into a state managed cash account to assure or complete reclamation if the Operator does not replace the Certificate of Deposit within the ninety days of Bank cancellation notice. If the Bank is under a forced cancellation, the Division will immediately request the transfer of the CD funds to a state managed cash account.

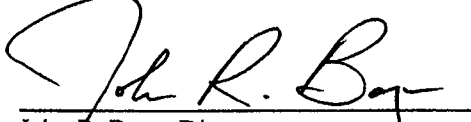
Accrued Interest:

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD, which would cause the redemption amount of the CD to be less than the initial amount, \$30,000. All tax liabilities for accrued interest shall remain the sole responsibility of the Owners.


☒ APPROVED

Bank will not be held liable for any dispute between the parties.


Agreed Upon By:


John R. Baza, Director
Utah Division of Oil, Gas & Mining

Date: 9/19/2006


David J. Taylor, Manager
Miracle Rock Mining and Research LC
Tax ID Number:

Date: 8/11/06


Dan S. Hunter, Vice President/ Manager
Far West Bank

Date: 8/11/06

☒ APPROVED



August 9, 2006

State of Utah, Dept. of Natural Resources
Division of Oil, Gas, and Mining
1594 West North Temple Ste 1210
P O Box 145801

Attn: Beth Ericksen

This letter acknowledges receipt of a Reclamation Surety by Far West Bank from the Division of Oil, Gas, and Mining. Far West Bank agrees to the terms and instructions of the CD Agreement letter. An administrative hold has been placed on the account in the amount identified below until such time redemption or release authorization is provided by the Division in accordance with the instructions per the CD agreement letter.

Mine Site: M/15/040
Account Name: Miracle Rock Mining & Research
Account Number: 1
Principal Amount: \$30,000.00
Original Acknowledgement: August 8, 2006

Sincerely,

A handwritten signature in black ink, appearing to read "Dan S. Hunter", is written over the word "Sincerely,".

Dan S. Hunter
Vice President / Manager

RECEIVED
AUG 11 2006
DIV. OF OIL, GAS & MINING